

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the matter of the Certified Public
Accountant (CPA) Certificate and/or
License(s) to practice as a CPA of:

Lance K. Mertz,

Respondent.

NO. ACB-1328

STIPULATION AND
AGREED ORDER

The Washington State Board of Accountancy (Board) and Lance K. Mertz (Respondent) stipulate and agree as follows:

Section 1: Procedural Stipulations

- 1.1 Respondent is fully aware of the right to an administrative hearing to contest the Statement of Charges issued by the Washington State Board of Accountancy in this matter. Respondent voluntarily waives the right to a hearing and all other rights which may be accorded the Respondent by the Administrative Procedure Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.
- 1.2 Respondent understands that, should the State prevail at hearing based on a statement of charges, the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's certified public accountant certificate or any individual or firm license to practice public accounting as a certified public accountant in Washington and may impose a fine plus the Board's investigative and legal costs in bringing charges or impose conditions precedent to renewal of the certificate or license, or impose full restitution to injured parties.

- 1.3 Respondent wishes to expedite the resolution of this matter by means of this Stipulation and Agreed Order and does not desire to proceed to a formal hearing based on the issuance of a statement of charges.
- 1.4 The Respondent understands that the Stipulation and Agreed Order are not binding unless approved by the Board.
- 1.5 Should this Stipulation and Agreed Order be rejected, Respondent waives any objection to the participation of any members of the Board at a hearing on this matter other than the consulting board member in this proceeding.
- 1.6 The parties further stipulate to the following Stipulated Facts, Conclusions of Law and Agreed Order:

Section 2: Stipulated Facts

- 2.1 At all times material hereto, Lance K. Mertz, the Respondent herein, held a Certified Public Accountant (CPA) certificate (No. 08986) in the state of Washington. The Respondent retired his individual license to practice public accounting as a CPA effective November 1, 2011.
- 2.2 On December 15, 2011, a Statement of Charges was duly served on Respondent alleging violations of chapter 18.04 RCW.
- 2.3 The Respondent worked for the Tacoma-Pierce County Employment and Training Consortium (Consortium) from June 2009 to April 2011 as its Chief Financial Officer (CFO). On April 14, 2011, the Consortium notified the Washington State Auditor's Office (SAO) about a suspected loss of public funds. The Consortium reported the suspected loss involved a payment made by the Respondent. The SAO investigated Consortium expenditures.

- 2.4 The SAO found that on February 15, 2011, the Respondent circumvented the Consortium's internal controls and misappropriated \$52,382.24 in public funds by creating a fictitious vendor and invoice from that vendor and authorizing a \$52,382.24 electronic payment to the Respondent's personal bank account. The Respondent attempted to conceal the misappropriation by altering and deleting the transactions from the accounting system. The SAO referred the matter to the Pierce County Prosecuting Attorney.
- 2.5 On September 23, 2011, the Board requested the Respondent provide an explanation and documents to the Board concerning the allegations of misappropriation. The Respondent's response was due within 20 days by October 13, 2011. The Respondent failed to respond. On October 17, 2011, the Board mailed a Final Notice to the Respondent advising the Respondent that the Board had not received the Respondent's response to the Board's September 23, 2011, request for explanation and documents and notifying the Respondent that a response to the Board's September 23, 2011, request was required within 20 days by November 6, 2011. The October 17, 2011, Final Notice was mailed by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail to the last address the Respondent provided to the Board (1944 Pacific Ave # 710, Tacoma, WA 98402). The Board received a signed return receipt form showing the mailing was received at the Respondent's address of record on October 20, 2011. The first class mailing was not returned to the Board. The Respondent failed to respond.
- Based on the foregoing Stipulated Facts, the Board makes the following:

Section 3: Conclusions of Law

- 3.1 The Washington State Board of Accountancy has jurisdiction over the subject matter herein.

- 3.2 The Respondent's conduct described in Stipulated Facts 2.4 constitutes cause for Board discipline under RCW 18.04.295(2) and (4) and WAC 4-30-142 for violations of WAC 4-30-040 that requires a person using the CPA title to be honest, objective, and free of conflicts of interest in the performance of professional services; WAC 4-30-048 that requires a CPA to to exercise due care and professional judgment in order to comply with the Professional Code of Conduct issued by the AICPA; WAC 4-30-052 that prohibits a CPA from committing acts reflecting adversely on the CPA's fitness to represent themselves as a CPA.
- 3.3 The Respondent's conduct described in Stipulated Facts 2.5 constitutes cause for Board discipline under RCW 18.04.295(9)(a) and (b) and WAC 4-30-142 for violations of WAC 4-30-034 that requires a CPA to respond in writing to any communication from the Board.

Section 4: Agreed Order

Based on the Stipulated Facts and Conclusions of Law, Respondent agrees to entry of the following Order:

- 4.1 Respondent's CPA certificate is hereby REVOKED. Said certificate shall be surrendered to the Board within 30 days of the Board's acceptance and entry of this Order.
- 4.2. The Board will not consider the Respondent qualified in any respect as a new applicant for licensure for 10 years from the date this Order is accepted and entered by the Board and then only if the Respondent at that time:
- 4.2.1 Submits documentation that the Respondent has made full restitution to the Tacoma-Pierce County Employment and Training Consortium.

- 4.2.2 Pays a five thousand dollar (\$5,000) fine payable to the Washington State Board of Accountancy in such a manner that the Board receives it before the Respondent makes application for requalification.
- 4.2.3 Reimburses the Board one thousand dollars (\$1,000) for investigative and legal costs payable to the Washington State Board of Accountancy in such a manner that the Board receives it before the Respondent makes application for requalification.
- 4.2.4 Complies with all the then current requirements of eligibility as an original applicant for a Washington CPA license, including but not limited to the then existing education, examination, experience and good character requirements.
- 4.2.5 Submits documentation acceptable to the Board that the Respondent has completed continuing professional education (CPE) prior to the time an application for licensure is received by the Board equivalent to the then existing requirements for reinstatement of a license.
- 4.2.6 Satisfies any other requirement imposed by the Board as a condition for licensure.
- 4.2.7 Has not otherwise violated any provisions of chapters 18.04 RCW or Title 4 WAC during the prior 10-year period.
- 4.3 The Board will publish the terms of this Stipulation and Agreed Order.
- 4.4 The Respondent shall not use the designation "CPA" or "certified public accountant" or hold out as a "CPA" or "certified public accountant" unless and until the Board accepts the Respondent's requalification as a licensee .
- 4.5 Nothing in this Order precludes the Board from exercising its authority and responsibilities under chapter 18.04 RCW or chapter 4-25 WAC. Any violations of such chapters or this

Order constitute independent grounds for the denial, suspension, revocation or refusal to renew the respondent's certificate and/or license(s).

I, **LANCE K. MERTZ**, certify that I have read this Stipulation and Agreed Order in its entirety; that I fully understand and agree to all of it, and that it may be presented to the Board without my appearance. If the Board accepts the Stipulation and Agreed Order, I understand that I will receive a signed copy.

DATED this 4th day of January, 2012

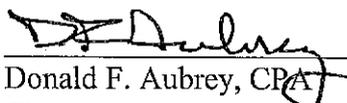

Lance K. Mertz
Respondent

Section 5: Order

The Board accepts and enters this Stipulation and Agreed Order.

DATED this 11th day of January, 2012

WASHINGTON STATE
BOARD OF ACCOUNTANCY


Donald F. Aubrey, CPA
Chair